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MEMORANDUM

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TO: Docket Control Center
FROM: Ernest G. Johnson
Director
Utilities Division

2007 JUN 18 P 3:09

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN 18 2007

DATE: June 15, 2007

DOCKETED BY

SM

RE: CIBOLA MUTUAL WATER COMPANY - MOTION FOR EXTENSION OF COMPLIANCE FILING DATES (DOCKET NO. W-04106A-02-0312)

In Decision No. 65750, dated March 20, 2003, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Cibola Mutual Water Company ("Cibola" or "Company") for a Certificate of Convenience and Necessity ("CC&N") to provide water utility service in Arizona. As part of Decision No. 65750, the Commission ordered Cibola to file:

"...within 18 months of the effective date of this Decision, a copy of the initial "Approval to Construct", issued by ADEQ with the Commission's Director of Utilities."

The project involves the construction of a line approximately four feet off the road which goes through Bureau of Land Management ("BLM") land, private property and areas which affect other agencies. The Approval to Construct ("ATC") relating to this project has not been completed by the Company in the period since Decision No. 65750 was rendered. The ATC should have been submitted by no later than September 20, 2004.

On May 25, 2007, Cibola filed the attached letter requesting an extension of the 18 month deadline on the ATC compliance item. In its letter, the Company stated that it has encountered BLM easement issues that have delayed the design and, therefore, the submission of the ATC paperwork to the Arizona Department of Environmental Quality ("ADEQ"). The Company further states that the BLM issues are nearly resolved and speculate that the ATC will be issued from ADEQ by June 2008.

On June 7, 2007, Staff contacted the Company to discuss the request for extension and specify the actual extension date that the Company was seeking in its request. Mr. Dave Grundy, President, confirmed the June 2008 date (mentioned in the application letter) as the date for the extension request.

During the June 7, 2007 discussion, Mr. Gundy stated that the process of gathering necessary approvals for submission of the ATC to ADEQ has included specific right-of-way easement reviews by the United States Department of the Interior - Bureau of Land Management, State of Arizona Land Department, Mohave County Water Authority and private parties. Mr. Gundy stated that the BLM review has been ongoing on numerous levels for the last one and one-half years and continues to be the primary cause of the delay. As part of the BLM process, an

Environmental Impact Report was commissioned in support of the overall report which includes sections relating to Biological and Archeological reviews. Mr. Gundy stated that the Archeological portion of this review has held up the BLM process for the last year and a half.

Mr. Gundy provided copies of several BLM letters sent to the Company to quantify the process of its specific review. In these letters, it becomes clear that the BLM review hinges on the review or participation of other entities like Native American tribes and the Arizona State Historic Preservation Officer ("SHPO"). Additionally, because the route of construction involves public land that is identified as a habitat for certain endangered species, the BLM (following its own policy) must consult with the United States Fish and Wildlife Service ("USFWS") about the potential for effecting endangered species like the razorback sucker and the southwestern willow flycatcher.

According to the Company, the review and research mentioned above is being done as a prerequisite in order to provide a complete and appropriate ATC package to ADEQ for its review. Mr. Gundy's position is that the above review is likely to be completed by the end of 2007 and the ADEQ review can be completed by the first or second quarter of 2008. If these milestones are reached, the ADEQ ATC should be available by June 30, 2008. The Company requests an extension until that period.

Staff does not oppose that the Company be granted an extension of time to file the ATC since it appears that the delay has been substantially beyond the Company's control. Staff recommends that the Commission grant the extension until June 30, 2008.

Staff further recommends that the Company be admonished regarding its delinquent time extension request and put on notice that future delinquent requests could result in denial, thereby putting the Company in non-compliance which could result in the Commission imposing sanctions.

EGJ:BKB:lhbm

Attachment

Originator: Brian K. Bozzo

SERVICE LIST FOR:
DOCKET NO.

Cibola Mutual Water Company
W-04106A-02-0312

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Cibola, Arizona 85328

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Cibola Mutual Water Company

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2007 MAY 25 A 11: 17

**AZ CORP COMMISSION
DOCKET CONTROL**

May 1, 2007

**Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007-2927**

Attention: Documents

**Re: Docket Number: W-04106A-02-0312
Decision No. 65750 Dated 3/20/2003**

Dear Sirs:

**We are hereby asking for an extension to the Compliance Notice requiring ADEQ
"Approval to Construct" within 18 months of the date of the Commissions Decision.**

**Bureau of Land Management easement issues have delayed the design and thus
submission to ADEQ, however, these issues are nearly resolved.**

We feel the "Approval to Construct" will be issued by June, 2008.

Please contact me if you have any questions.


Dave Grundy

President

Cibola Mutual Water Company

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MAY 25 2007

**AZ CORP COMM
Director Utilities**